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Committee on Financial Services

Michael G. Oxley, Chairman

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Bachus Subcommittee to Examine Internet Gambling Legislation

The House Financial Services Subcommittee on Financial Institutions, chaired by Rep. Spencer Bachus (AL), will hear testimony on Internet gambling legislation at 10 a.m. July 24 in room 2128 Rayburn.

In March, Bear Stearns released a widely publicized report estimating that \$5 billion will be spent annually on Internet gambling by 2003. Currently, American consumers make up half of all online gambling revenue, much of which goes to organizations with minimal regulatory requirements.

While many states prohibit or limit the operation of gambling businesses, the worldwide nature of the Internet has made state regulatory boundaries largely ineffective. With unregulated Internet gaming revenues expected to grow 20 percent over the next two years, federal action is likely the only way to slow the industry and protect American consumers.

The Subcommittee will hear testimony from several members who have introduced legislation intended to limit Internet gambling. Rep. James Leach (IA) will testify on behalf H.R. 556, which would prevent illegal Internet gaming sites from accepting bank payment instruments such as credit or debit cards, and his proposed changes to that bill.

Rep. Bob Goodlatte (VA) will testify regarding legislation he introduced in the 106th Congress, H.R. 3125, which would prohibit gambling businesses from using the Internet for betting purposes, and similar legislation he plans to introduce in the current Congress.

"American consumers may not be aware that offshore gambling organizations do not fall under U.S. law and regulation against fraud," Financial Services Committee Chairman Michael G. Oxley said. "We will look carefully to find a remedy that protects consumers without stifling Internet growth."

Witnesses scheduled to testify are:

Panel I

- U.S. Rep. James A. Leach (IA)
- U.S. Rep. Bob Goodlatte (VA)
- U.S. Sen. Jon Kyl (AZ)

Panel II

- Michael L. Farmer, Senior Vice President, Wachovia Bank Card Services
- Bob Frederick, Director of Athletics, University of Kansas, on behalf of the National Collegiate Athletic Association
- Ernest Stevens, Jr., Chairman, National Indian Gaming Association
- Edwin J. McGuinn, CEO, E-Lottery
- Timothy A. Kelly, Former Executive Director, National Gambling Impact Study Commission

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